

# **RISK MANAGEMENT**

Act 427 of 1973

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## **Emergency Executive Succession**

To protect the Board from sudden loss of Executive Director services, the Executive Director shall assure that at least one other senior executive are familiar with Board and Executive Director issues and processes.

## **Business Continuity Planning**

The Executive Director may not fail to have a Business Continuity Plan, in place and tested, to assure that the critical business processes of the Retirement System (i.e., the payment of monthly benefits and the investment and protection of assets) can continue notwithstanding the loss of use of all or part of the home office or computer facilities.

## **Asset Protection**

The Executive Director may not allow assets to be unprotected, inadequately maintained, or unnecessarily risked as would be determined by a prudent person.

Accordingly, the Executive Director may not:

1. Allow uninsured personnel access to material amounts of funds.
2. Subject physical plant and equipment to improper wear and tear or insufficient maintenance.
3. Unnecessarily expose the Board, employees, or the Retirement System to claims of liability.
4. Receive, process, or disburse funds under controls insufficient to meet the Board-appointed auditor's standards.
5. Acquire, encumber, or dispose of real property without Board authorization.
6. May not allow investment assets to be unprotected. Such protection shall include:
  - A. Timely deposit of cash as provided for by law and Board policy.

B. Transfer of securities to the State Treasurer or the Treasurer's designated subcustodian for safekeeping.

7. Allow investment assets to be unprotected through the failure to have a well-qualified and trained staff.

### **Insurance**

The Executive Director may not allow the Retirement System to be uninsured against known perils. Accordingly, insurance policies will be maintained with coverages that would be considered prudent in the following areas:

1. Facility Liabilities
2. Crime
3. Difference in Conditions
4. Directors and Officers
5. Fiduciary
6. General Liability
7. Kidnap, Ransom, and Extortion
8. Pollution Legal Liability
9. Property
10. Surety Bonds
11. Travel Accident

**Adopted:** June 12, 2002

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